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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U902E) for Authority to Update Marginal costs, Cost Allocation, and Electric Rate Design.	Application 19-03-002
And Related Matter.	Application 10-07-009

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Summary

This Scoping Memo and Ruling (Scoping Memo) sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.¹

1. Background

On March 4, 2019, San Diego Gas & Electric Company (SDG&E) filed Application (A.) 19-03-002 to revise its electric marginal costs, revenue allocation, and rate design. Protests were filed by Utility Consumers' Action Network; The Utility Reform Network; California Farm Bureau Federation; the Public Advocate's Office of the Public Utilities Commission (Cal Advocates); Small Business Utility Advocates (SBUA); the City of San Diego; 38 public school districts and the San Diego County Office of Education (Public Schools); and

¹ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

Solar Energy Industries Association. Several entities filed motions for party status or appeared at the prehearing conference (PHC) to request party status. The assigned Administrative Law Judge (ALJ) set a PHC by a ruling dated March 25, 2019. On June 12, 2019, the assigned ALJ held the PHC to determine parties, discuss the scope, the schedule, and other procedural matters.

Separately, on April 26, 2019, SDG&E filed a petition in A.10-07-009 to modify Decision (D.) 12-12-004 (petition). The petition requests approval to change SDG&E's default rate for small commercial customers from time-of-use (TOU) with critical peak pricing to TOU (without critical peak pricing). On May 28, 2019, Cal Advocates and SBUA filed responses to the petition. On June 24, 2019, the assigned ALJ consolidated A.10-07-009 with this proceeding.

2. Scope

Based on the pleadings (application, protests, reply, PHC statements; petition and responses) and the discussion at the PHC, the following broad issue areas are within the scope of this consolidated proceeding:

1. Marginal costs including refinements to calculating and distributing generation, distribution and customer marginal costs.
2. Revenue allocation.
3. Rate design including, but not limited to the following:
 - a. Residential: seasonal baseline adjustment, default and optional rates.
 - b. Non-residential: customer cost recovery, distribution demand cost recovery (via demand charges or alternative mechanisms), commodity cost recovery, default and optional rates, SDG&E's proposed schools-only classes and rate design, streetlighting rate options.
 - c. All customer classes: real-time pricing or other dynamic pricing rate options.

- d. Implementation details for any proposed rate structures.

3. Categorization

The Commission in Resolution ALJ 176-3434, issued on March 14, 2019, preliminarily determined that the category of A.19-03-002 is ratesetting. The assigned ALJ's ruling consolidating A.10-07-009 with A.19-03-002 preliminarily determined that the category of this consolidated proceeding is ratesetting.

This Scoping Memo confirms the categorization. Anyone who disagrees with this categorization must file an appeal of the categorization no later than ten days after the date of this scoping ruling. (*See* Rule 7.6.)

4. Need for Hearing

The Commission in Resolution ALJ 176-3434 preliminarily determined that hearings are required. This Scoping Memo finds hearings necessary.

5. *Ex Parte* Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described in Public Utilities (Pub. Util.) Code § 1701.3(h) and Article 8 of the Rules.

6. Schedule

The following schedule is adopted. The assigned ALJ will endeavor to hold public participation hearings in SDG&E's service territory in the September 2019 timeframe. The assigned Commissioner or ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

EVENT	DATE
Prehearing Conference Held	June 12, 2019
SDG&E Supplemental Testimony - Sales Forecast	July 2, 2019
Scoping Memo and Ruling Issued	July 11, 2019
Workshop on marginal costs and revenue allocation	July 29, 2019
Workshop on demand charges, and alternatives to demand charge	August 27, 2019
SDG&E Supplemental Testimony - Streetlighting	August 30, 2019
Public Participation Hearings	September 2019
Workshop on dynamic pricing options	October 15, 2019
Cal Advocates Testimony served and submitted to Supporting Documents	December 13, 2019
Other Parties Testimony served and submitted to Supporting Documents	January 17, 2020
Placeholder for settlement discussions	January-February 2020
Concurrent Rebuttal Testimony served and submitted to Supporting Documents	February 24, 2020
Evidentiary Hearings	March 2-6, 2020
Concurrent Opening Briefs	April 10, 2020
Concurrent Reply Briefs [proceeding submitted]	May 8, 2020
Proposed Decision	August 2020
Opening and Reply Comments on Proposed Decision	As permitted by Rule 14.3
Commission adoption of decision	September 2020

The Commission will hold three workshops, as specified in the above schedule. The general objectives of these workshops are as follows:

- Workshop on marginal costs and revenue allocation: Parties with a position on marginal costs and/or revenue allocation will be able to utilize SDG&E's workpapers to develop their own revenue allocation proposals. Such proposals will be a required component of opening testimony for any party with a position on revenue allocation. The goal of this workshop is to provide all parties with a clear understanding of revenue allocation for the various cost components identified in SDG&E's testimony, so they will be able to examine different revenue allocation proposals.
- Workshop on demand charges: Parties advocating for alternatives to SDG&E's proposed recovery of distribution demand costs will have an opportunity to present specific proposals. Such proposals must be detailed enough to address potential issues regarding under-recovery of costs, and other implementation details.
- Workshop on dynamic pricing options: Parties advocating for new dynamic pricing options will have an opportunity to present specific proposals with illustrative rates. Such proposals should be detailed enough to enable the Commission and parties to identify and discuss any potential implementation issues, and to raise other concerns such as the likelihood and magnitude of potential cost-shifting to other customers.

The assigned ALJ will provide a detailed agenda and specific directions to parties, in preparation for each workshop, via ruling prior to each workshop. Specifically for the workshop on dynamic pricing options, interested parties will be directed to propose detailed options based on the proposals described and discussed in the *Final Report of the California Public Utilities Commission's Working Group on Load Shift* (Load Shift Working Group Report), accessible at the following url:

https://gridworks.org/wp-content/uploads/2019/02/LoadShiftWorkingGroup_report-1.pdf.

The proceeding will be submitted upon the filing of Reply Briefs, unless the assigned Commissioner or the assigned ALJ directs further evidence or argument. A party in a ratesetting proceeding in which a hearing is held has the right to make a Final Oral Argument before the Commission, if the argument is requested within the Reply Brief. (Rule 13.13.)

It is the Commission's intent to complete this proceeding within the 18-month statutory deadline set forth in Pub. Util. Code § 1701.5. This deadline may be extended by order of the Commission. (§ 1701.5(a).)

For the workshops in this proceeding, notice of each workshop will be served on the service list and posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at the workshop.

7. Discovery

Discovery may be conducted by the parties consistent with Article 10 of the Commission's Rules. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10(e) does not apply to the service of discovery and discovery shall not be served on the ALJ. Deadlines for responses may be determined by the parties. Motions to compel or limit discovery shall comply with Rule 11.3.

8. Settlement and Alternative Dispute Resolution

While the schedule does not include specific dates for settlement conferences it does not preclude parties from meeting at other times provided notice is given consistent with our Rules.

Regarding the possibility of settlement, parties are reminded that, pursuant to Rule 12.1(d) of the Commission's Rules of Practice and Procedure,

the Commission will not approve a settlement, whether contested or uncontested, unless it is found to be reasonable in light of the whole record, consistent with law, and in the public interest. To assist the Commission in evaluating any settlement, parties are directed to make certain additional filings and testify in support of the proposed settlement. With respect to any settlements in this proceeding, any settlement filing should include a comparison exhibit that, for each settled issue, shows SDG&E's current policy, SDG&E's proposal in this proceeding, the position of each party on the issue, and the final positions and/or numbers in the settlement.

For issues that are not settled, each party shall provide a Statement of Contested Facts to be resolved at the evidentiary hearings, if such hearings are required. The Statements shall include a list and a description of each disputed issue.

The Commission offers Alternative Dispute Resolution (ADR) services consisting of mediation, facilitation, or early neutral evaluation. Use of ADR services is voluntary, confidential, and at no cost to the parties. Trained ALJs serve as neutrals. The parties are encouraged to visit the Commission's ADR webpage at <http://www.cpuc.ca.gov/adr>, for more information.

If requested, the assigned ALJ will refer this proceeding, or a portion of it, to the Commission's ADR Coordinator. Alternatively, the parties may contact the ADR Coordinator directly at adr_program@cpuc.ca.gov. The parties will be notified as soon as a neutral has been assigned; thereafter, the neutral will contact the parties to make pertinent scheduling and process arrangements. Alternatively, and at their own expense, the parties may agree to use outside ADR services.

9. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing the application in the Commission's monthly newsletter dated April 2019 that is served on communities and businesses that subscribe to it and was posted on the Commission's website.

10. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by July 12, 2019, 30 days after the PHC.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocols set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings

using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Parties are reminded, when serving copies of documents, the document format must be consistent with the requirements set forth in Rules 1.5 and 1.6.

Although Rule 1.10 requires service of paper copies on the assigned ALJ, parties are directed to only serve the assigned ALJ electronically.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

13. Assignment

Genevieve Shiroma is the assigned Commissioner, and Valerie U. Kao is the assigned ALJ. Pursuant to Pub. Util. Code §1701.3(b) and Rule 13.2(b), ALJ Kao is designated as the Presiding Officer.

IT IS RULED that:

1. The issues to be resolved are listed in Section 2 of this ruling.
2. The procedural schedule is set forth in Section 6 of this ruling. The assigned Commissioner or Presiding Officer may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.
3. The category of this proceeding is ratesetting. Appeals as to category, if any, must be filed and served within ten days from the date of this Scoping Memo.
4. Administrative Law Judge Valerie U. Kao is designated as the Presiding Officer.
5. Hearings are necessary and are scheduled for March 2-6, 2020.

6. With limited exceptions that are subject to reporting requirements, *ex parte* communications are prohibited. (See Pub. Util. Code § 1701.3(h); Article 8 of the Rules.)

Dated July 11, 2019, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner